

**STATE OF INDIANA  
DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF OIL AND GAS**

**ORDER OF INTEGRATION**

Re: Application of Moore Family Holdings, Inc. ) Case No.: DOG-1-2014  
For the integration of oil and gas interests owned by M. Dee )  
Claude in W/2 E/2 of Section 24, Township 1 South, Range 12 )  
West, Gibson County, Indiana )

As provided in Indiana Code 14-37-3-16, an informal hearing was held via teleconference in this matter on Thursday, April 17, 2014, beginning at 11:00 A.M., Eastern Time, before the Indiana Department of Natural Resources (IDNR), Division of Oil and Gas (Division), at the Indianapolis Office of the Division located at 402 West Washington Street, Room W293, in Indianapolis, IN 46204. The purpose of the informal hearing was to consider the Petition for Integration of Interests (Application) for the above described parcels specifically identified in a petition dated March 7, 2014, prepared by William C. Illingworth, Jackson Kelly PLLC, on behalf of Moore Family Holdings, Inc., hereinafter referred to as "Applicant".

Having reviewed the entire record in this matter, and being duly advised, the Director of the Division (Director) makes the following Findings of Fact, Conclusions of Law and Order of Integration in this matter:

**FINDINGS OF FACT**

1. Applicant Moore Family Holdings, Inc. is an Indiana corporation whose principal address is 2104 Lincoln Avenue, Evansville, IN 47714.
2. Applicant has represented that it is the operator of certain oil and gas leases covering the following properties located in Gibson County, Indiana:
  - a. Oil and Gas Lease dated June 1, 2000, from Lester D. Moore and Joyce A. Moore, as Lessors, to Lester D. Moore, as Lessee, recorded as Document No. 2000-4039, in the Office of the Recorder of Gibson County, Indiana (hereinafter referred to as "Lease A").
  - b. Oil and Gas Lease dated November 16, 1945, from Etta C. Parkinson, a spinster, as Lessor, to Illinois Mid-Continent, as Lessee, recorded in Miscellaneous Oil and Gas Record Book 60, Page 321, in the Office of the Recorder of Gibson County, Indiana (hereinafter referred to as "Lease B").
3. Applicant is currently operating on, and actually producing, oil and gas on the lands covered by the aforementioned leases.
4. Applicant has obtained a permit to drill a horizontal oil well on the aforementioned leases. Said permit was issued March 11, 2014, Permit No. 54969, for the Parkinson-Moore H-1 well.
5. In order to prevent waste and avoid the drilling of unnecessary wells, Applicant desires to pool said Lease A and Lease B together to form the Parkinson-Moore 1-H Pooled Unit comprising approximately seventy-two (72) acres, more or less, with respect to the Massive Tar Springs Sandstone Formation on the following lands:

The West Half of the East Half, and the East Half of the West Half of the Northwest Quarter of Section 24, Township 1 South, Range 12 West, lying South of the White River, in Gibson County, Indiana.

6. For the purposes of their Petition for Integration of Interests, Applicant has defined the “Massive Tar Springs Sandstone Formation” as that sandstone formation located at a depth of 1,628 feet in both the Parkinson #6, Permit #51967, and the Moore (Burkett) #7, Permit #52080, wells and does not include the upper Tar Springs Sandstone Formation.
7. Lease A contains a clause granting the Lessee the right, power and authority to pool the lands contained in Lease A.
8. Lease B is silent with respect to pooling.
9. Applicant has been successful in securing agreement to the pooling of interests from all working interest owners, royalty interest owners and overriding royalty owners of the oil and gas interests subject to Lease B with the exception of the following:

M. Dee Claude                      representing a 0.00585900 ORRI in Lease B  
c/o Andrew Leigh  
3151 7<sup>th</sup> Street  
Boulder, CO 80304-2511

10. The proposed Pooling Agreement for the Parkinson-Moore 1-H Pooled Unit would treat all royalty, working interest and overriding royalty interest owners fairly and equitably with each such interest sharing in the total production from the pooled unit in proportion to which their interest bears to the entirety of the unit. Proposed participation factors are as follows:

Lease A, located in the East Half of the West Half of the Northwest Quarter of Section 24, Township 1 South, Range 12 West, lying South of the White River, in Gibson County, Indiana.	50%
Lease B, located in the West Half of the East Half of the Northwest Quarter of Section 24, Township 1 South, Range 12 West, lying South of the White River, in Gibson County, Indiana.	50%

11. It would be in the best interest of all royalty owners, working interest owners and overriding interest owners to pool and combine the leases with respect to the Massive Tar Springs Sandstone Formation underlying the above described leasehold estates as it will allow for the economical and efficient development which reduces costs while also more effectively developing the oil and gas underlying those lands.
12. Despite due diligence and good faith efforts, the Applicant was not able to obtain consent for the pooling of interests held by Ms. M. Dee Claude. Ms. Claude’s overriding royalty interests in the proposed Parkinson-Moore H-1 Pooled Unit would represent fifty percent (50%) of 0.00585900, or 0.29295% of the value of oil and gas produced from the proposed unit.
13. IC 14-37-9-1(b) requires that, where owners of separate tracts within an established drilling unit do not agree to integrate their interests, the IDNR shall require the owners to integrate their interests in order to prevent waste or the drilling of unnecessary wells.
14. The Petition filed in this matter by the Applicant seeks, pursuant to IC 14-37-9, the issuance of an integration order whereby the interests of all owners of separate tracts within the proposed drilling unit are integrated and the combined tracts developed as a consolidated production unit.
15. IC 14-37-9-2 requires an integration order to be based upon reasonable terms that give the owner of each tract an equitable share of the oil and natural gas in the unit.
16. At issue in this matter is whether it would be equitable to pool the overriding royalty interests of Ms. M. Dee Claude with all other interest owners for oil and gas produced from the Parkinson-Moore 1-H Pooled Unit.

17. The Applicant attached the following documents to its Petition:

Exhibit A	Copy of Oil and Gas Lease dated June 1, 2000 (Lease A).
Exhibit B	Copy of Oil and Gas Lease dated November 16, 1945, (Lease B).
Exhibit C	Ad Valorem Statements of Countrymark Refining and Logistics, LLC for Lease B.
Exhibit D	Ad Valorem Statements of Countrymark Refining and Logistics, LLC for Lease A.
Exhibit E	Notice and Declaration of Pooling of Oil and Gas Leases presented to all owners of interest in the proposed Parkinson-Moore 1-H Pooled Unit.
Exhibit F	Map depicting outline of Parkinson-Moore 1-H Pooled Unit.
3/17/14 Letter	Correspondence documenting attempted contacts with Ms. M. Dee Claude

18. Notice of the informal hearing on this matter was sent to Ms. Dee Claude via first class mail to the address indicated in Finding #9 as well as to an email address provided by the Applicant for Ms. Dee Claude c/o Andrew Leigh (sent to [info@solmayarentals.com](mailto:info@solmayarentals.com) on March 20, 2014, 12:28 PM).

19. The following persons were present at or participated in the informal hearing via teleconference held in Indianapolis on April 17, 2014:


<u>Person</u>	<u>Representing</u>
Jim AmRhein	Indiana DNR, Division of Oil and Gas
Will Illingworth, Jackson Kelly PLLC	Moore Family Holdings, Inc.

20. As of the date of this Order, the Division of Oil and Gas has received no response from Ms. Dee Claude or any authorized representative on her behalf.

### **CONCLUSIONS OF LAW AND ORDER OF INTEGRATION**

1. IC 14-37-9 and any rules promulgated there under apply and are pertinent to the subject matter of the Application filed herein.
2. There has been full compliance with all notice requirements provided by law, and all interested parties have been afforded an opportunity to be heard.
3. The IDNR and the Division have jurisdiction to hear this matter and authority, as delegated by the Natural Resources Commission, to order the integration of interests in accordance with IC 14-37-9-1(b).
4. The Petition, herein referenced, contains the elements required by law.
5. The overriding royalty interests held by Ms. Dee Claude in lands within the Parkinson-Moore 1-H Pooled Unit described herein in Finding #10, located in the Section 24, Township 1 South, Range 12 West, Gibson County, Indiana, are hereby ordered to be integrated into the Parkinson-Moore 1-H Pooled Unit as proposed by Applicant and described further in Finding #12.
6. It is reasonable, fair, and equitable, as required by IC 14-37-9-2, that such division of interest in the Parkinson-Moore 1-H Pooled Unit be accomplished so that unit operations may be conducted as if the unit area had been included in a single lease executed by all owners of oil and gas interests within said unit.
7. As provided in IC 14-37-9-2, the portion of the production allocated to the owner of any tract within the Parkinson-Moore 1-H Pooled Unit shall be considered as if produced from a well drilled on that tract.

8. This order is a final administrative action of the IDNR and, as such, is subject to administrative review under IC 4-21.5-3-7 and may be placed of record by the Applicant in the appropriate public record of Gibson County, Indiana.

<u>April 21, 2014</u> Dated	 Herschel L. McDivitt, Director Division of Oil and Gas
--------------------------------	-------------------------------------------------------------------------------------------------------------------------------------------------

**DIVISION OF OIL AND GAS  
DEPARTMENT OF NATURAL RESOURCES**

**NOTICE OF ORDER OF INTEGRATION and  
NOTICE OF RIGHT TO APPEAL**

Interested persons are hereby notified that on April 17, 2014, the Indiana Department of Natural Resources, through the Director of the Division of Oil and Gas, issued an Order of Integration with respect to certain oil and gas drilling interests under Cause No. DOG-01-2014. The Order of Integration is based on an Petition for Integration of Interests previously filed by the Applicant, Moore Family Holdings, Inc, and on an Informal Hearing held in this matter on April 17, 2014, in Indianapolis, Indiana to consider the request for the integration of overriding royalty interests for oil and gas underlying certain properties located in Section 24, Township 1 South, Range 12 West, Gibson County, Indiana held by Ms. M. Dee Claude, c/o Andrew Leigh, 3151 7<sup>th</sup> Street, Boulder, CO 80304-2511.

A copy of the Order of Integration is available from the Division of Oil and Gas website at <http://www.in.gov/dnr/dnroil/3790.htm>.

The terms of the Order of Integration are subject to appeal and review under IC 4-21.5-3-7 in a hearing before an Administrative Law Judge. In order to qualify for administrative review, a person may file a request for review in writing stating facts that demonstrate the petitioner is:

- (A) a person to whom the order is specifically directed;
- (B) aggrieved or adversely affected by the order; or
- (C) entitled to review under any law.

In order to be timely, any petition for administrative review must be filed with the Division of Hearings, Natural Resources Commission, Indiana Government Center South, 402 W. Washington St., Rm. W272, Indianapolis, IN 46204 within eighteen (18) days after the date of this notice. If no petition for administrative review is filed within the stated time limit, all terms and conditions contained in the Order of Integration will become final and binding.

Date: April 21, 2014



Herschel L. McDivitt, Director  
Division of Oil and Gas